

BUDGET GLOSSARY

AFSCME (American Federation of State, County, and Municipal Employees): City bargaining unit representing predominantly maintenance positions.

Accounting System: The set of records and procedures, which are used to record, classify, and report information on the financial status and operations of an entity.

Accrual Basis Accounting: Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements. Enterprise funds of the City use this basis for accounting. See also Modified Accrual Basis.

Advance Refunding Bonds: Bonds issued to retire an outstanding bond issue prior to the date on which the outstanding bonds become due.

Agency Funds: A fund used to account for assets held by a government on behalf of individuals, private organizations, other governments, or funds.

Annual Budget: A budget applicable to a single fiscal year.

Appropriation: An authorization made by the City Council that allows expenditures of governmental resources. Appropriations are typically granted for a one-year period.

Appropriation Ordinance: The official legal document approved by the City Council authorizing the expenditure of resources.

Assessed Valuation: The estimated value of real and personal property used by the King County Assessor as the basis for levying property taxes.

BARS: The prescribed Budgeting, Accounting, Reporting System required for all governmental entities in the State of Washington.

BT/TI Committee: This is an advisory committee established to develop priorities and recommend projects/programs to be funded from the transportation portion of the business license surcharge. This committee is made up of representatives from community businesses and organizations.

Beginning Fund Balance: The amount remaining after accounting for the previous year's revenues less the previous year's expenditures.

Bond (Debt Instrument): A written promise to pay a specified sum of money at a specified future date, at a specified interest rate. Bonds are ordinarily used to finance capital facilities. Redmond typically issues general obligation, revenue, or special assessment bonds.

Budget Calendar: The schedule of key dates that the City follows in the preparation and adoption of the budget.

Budget Message: A written explanation by the Mayor of the budget. The budget message explains principal budget and policy issues, and presents an overview of the Mayor's budget recommendations.

CAFR (Comprehensive Annual Financial Report): The official financial report of a government. It includes the State Auditor's audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance related legal and contractual provisions.

CFP (Capital Facilities Plan): This is a planning document required by the Growth Management Act that addresses capital projects and anticipated sources of funding over a six-year period.

CIP (Capital Improvement Program): This is a budget and planning process used by the City to determine what capital projects will be carried out during the next six-year period. The first year of the six is included in the annual operating budget, and the remaining years' projections are updated annually.

Capital Assets: Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Outlay: Expenditures that result in the acquisition of or additions to fixed assets. Examples include land, buildings, machinery, equipment, and construction projects.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Councilmanic Bonds: Councilmanic bonds refer to bonds issued solely upon the approval of the Council. Councilmanic bonds may not exceed 1.5% of assessed valuation.

Debt Service: Payment of interest and principal to holders of the City's debt instruments.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Ending Fund Balance: The beginning fund balance plus current year revenues, less current year expenditures.

Expenditures: Where accounts are kept on the accrual or modified accrual basis of accounting, expenditures are recognized when goods are received or services rendered. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments are made.

FTE (Full-Time Equivalent): Expresses staff in terms of full-time (40 hours per week) employment. For example, a person who works 40 hours per week is described as 1 FTE. An employee who works 20 hours per week calculates to a 0.5 FTE (20 hours divided by 40 hours).

Fiscal Year: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations.

Financial Forecast (Six-Year): Estimates of future revenues and expenditures to help project the long-range financial condition of the General Fund.

Fixed Assets: Assets that are intended to be held or used for a long term, such as land, buildings, improvements other than buildings, machinery, and equipment. Fixed assets are also called capital assets.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities.

Fund Balance: The excess of a fund's assets over its liabilities.

GMA (Growth Management Act): Comprehensive Washington State legislation that requires cities and counties to undergo a prescribed planning process to accommodate projected population growth. Examples of the planning process include defining the levels of service city government will provide to its citizens, developing a six-year capital facilities plan, and determining how to fund existing capital deficiencies.

General Obligation Bonds: Bonds for which the full faith and credit of the insuring government are pledged for payment.

IAFF (International Association of Firefighters): Bargaining unit that represents all commissioned fire personnel below the level of Deputy Fire Chief.

Improvements: Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains, and sewers.

Interfund Payments: Expenditures made to other City funds for services rendered.

Intergovernmental Services: Purchases from other governments of those specialized services typically performed by local governments.

Interlocal Agreement: A contract between two government entities whereby one government assumes the lead responsibility of a project that overlaps both jurisdictions.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City.

LEOFF (Law Enforcement Officers and Firefighters): retirement system provided for all police officers and firefighters by the State of Washington.

LOS (Level of Service): The Growth Management Act requires cities and counties to establish a level of service for five functional areas (Parks, Fire, Police, Utilities, and Transportation). Examples of levels of service might be: one police officer per 1,000 population, a fire or emergency response time of no greater than five minutes, or one acre of community park per 1,000 population. The levels of service are defined by the City Council and become the basis for the Capital Facilities Plan. The City's inability to meet its designated level of service will bar further development until the deficiency is removed, or the level of service is redefined.

Lease-Purchase Agreements: Contractual agreements which are termed "leases," but which in substance amount to purchase contracts.

Levy: (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a government.

LID: A local improvement district (LID) is an area where an improvement is authorized that will benefit selected property owners, and the cost is passed on to property owners through special assessments.

Long-Term External Debt: Debt borrowed from a source outside the City with a maturity of more than one year after the date of issuance.

MOC (Maintenance and Operations Center): The facility that is the base for most of the City's field operations staff for Public Works and Parks. Also located at the MOC is the City's vehicle maintenance shop.

Modified Accrual Basis: Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayments, accumulated employee leave, and long-term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. See also Accrual Basis Accounting.

Object: An expenditure classification, which refers to the type of item purchased, or the service obtained. Examples include personnel services, contractual services, materials, and supplies.

Operating Budget: The operating budget is the primary means by which most of the acquisition, spending, and service delivery activities of a government are controlled. Law requires the use of annual operating budgets.

Operating Transfer: Routine or recurring transfers of assets between funds, which support the normal operations of the recipient fund.

Other Services and Charges: An expenditure classification which includes professional services, communication, travel, advertising, rentals, leases, insurance, public utility services, and repairs and maintenance.

PERS: Public Employees Retirement System provided by the State of Washington for all city employees except police and fire.

Personnel Benefits: Those benefits paid by the City as conditions of employment. Examples include insurance and retirement benefits.

RCHEA (Redmond City Hall Employees Association): The largest of the City's five bargaining units representing predominantly clerical, professional, and technical positions.

RPOA (Redmond Police Officers Association): Bargaining unit representing all City of Redmond commissioned police officers below the rank of lieutenant.

RPOA - Non-Commissioned: Bargaining unit representing non-commissioned police support staff including dispatchers, record specialists, crime analyst, and evidence technician.

Reserve: An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resources: Total dollars available for appropriations including estimated revenues, interfund transfers, and the beginning fund balance.

Revenue: Income received by the City to support community services. This income may be in the form of taxes, fees, user charges, grants, fines, and interest.

Revenue Bonds: Bonds issued pledging future revenues (usually water, sewer, or drainage charges) to cover debt payments.

Revenue Estimate: A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically, a fiscal year.

Special Assessment Bonds: Bonds payable from the proceeds of special assessments such as local improvement districts.

Supplemental Appropriation: An appropriation approved by the Council after the initial budget is adopted.

Supplies: An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory, resale items, small tools, and equipment.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

UPD - Urban Planned Development: A residential, commercial, and office development that is located in unincorporated King County between Union Hill Road and Novelty Hill Road. The City agreed to provide water and sewer services to the UPD area in 1992.